

EXHIBIT F

CHAPTER 4. TRANSFER FROM PUBLIC CORPORATIONS, AGENCIES AND
INSTRUMENTALITIES TO THE GENERAL FUND; CREATION OF THE CHARGES,
FEES AND TARIFFS ADJUSTMENT COMMITTEE.

Article 4.01.- Transfer of Surplus

Public corporations, agencies and instrumentalities of the Government of Puerto Rico are hereby directed to transfer to the Department of the Treasury the surplus of the income produced. These funds will be considered as available resources of the State and deposited by the Department of the Treasury in the General Fund of the Government of Puerto Rico to meet the liquidity requirements set out in the Fiscal Plan adopted under the provisions of "*Puerto Rico Oversight, Management and Economic Stability Act of 2016*" Public Law 114-187, also known as PROMESA.

Article 4.02.-Committee

The amount of funds that each of the corporations and instrumentalities will provide will be determined by a committee composed of the Executive Director of the Financial Advisory and Fiscal Agency Authority of Puerto Rico, the Secretary of the Treasury and the Executive Director of the Office of Management and Budget, who may establish the necessary tariffs to comply with the provisions of the Fiscal Plan approved for the Government of Puerto Rico and the one which will rule its corporations. This committee will ensure that the transfer of funds as provided in Article 4.01 of this Act do not affect the services provided by public corporations and instrumentalities, and only consist of the available surplus after the operating expenses and obligations of

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these entities have been covered in accordance with the budgeted expenses approved by the Office of Management and Budget for each fiscal year.

In addition, this committee is empowered to review the sources of income of public corporations, agencies and instrumentalities and adjust, increase or lower, any charge, tariff, rate, fee, premium or any revenue of a similar nature, in order to comply with the metrics provided in the Fiscal Plan of the Government of Puerto Rico. In addition, the committee may impose an additional administrative charge to those taxes that it deems necessary which may be from five percent (5%) up to ten percent (10%) to comply with the metrics of the Fiscal Plan approved by the Oversight Board.

This Act shall prevail over any other law which establishes any charge, tariff, rate, fee, premium or any revenue of a similar nature and the committee is authorized to review, increase and lower the amount even though the same is established by law. The committee shall have the authority to review, increase or lower these revenues without regard to the provision of any Law, regulation or administrative order que establishes and particular amount of these revenues.

Any provision of law, regulation, administrative order, corporate resolution, or any other document of a similar nature, which restricts or decreases the funds that can be transferred by a public corporation, agency or instrumentality of the Government of Puerto Rico to the General Fund as provided in this Chapter is suspended.

The committee is authorized to promote any administrative order, circular letter or regulation necessary for its operation and to comply with the provisions of this Act.

Article 4.03.- Exclusions



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The University of Puerto Rico, created by virtue of Act No. 1 of January 20, 1966, as amended, known as the "University of Puerto Rico Act", and the Public Corporation for the Supervision and Insurance of Cooperatives of Puerto Rico, created by virtue of Act No. 114-2001, as amended, known as the "Public Corporation for the Supervision and Insurance of Cooperatives of Puerto Rico Act", the Municipal Finance Corporation Act", better known as COFIM, Law No. 19 of January 24, 2014, as amended, the "Special Commission for Community Impact Legislative Funds Special Commission Act", Law 20-2015, and the Comptroller's Special Reports Joint Commission Act", Law No. 83 of June 23, 1954, as amended. The funds that public corporations and entities created for community purposes receive from private entities are excluded from the provisions of this Chapter.

With regards to the "Urgent Interest Fund Act", better known as COFINA, Act No. 9 of May 13, 2006, as amended, the Executive shall be authorized to use the Funds of COFINA, occasionally, and solely as a last resort and subject to the presentation of a sworn certification issued to the Legislative Assembly. The presentation of such certification shall not be construed that the Executive can use COFINA funds indefinitely. Said certification shall establish the need, term and amount of the funds to be used to cover an occasional and significant deficit in cash flow to comply with the Fiscal Plan of the Government of Puerto Rico. The certification shall be signed and sworn by the Executive Director of the Financial Advice and Fiscal Agency Authority (AAFAF) and by the Director of the Office of Management and Budget. The signature and the oath of both officials shall not be delegated. The officials shall attest in the

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certification that the information is correct, exact, and truthful in accordance with the fiscal reality of the Government of Puerto Rico.

Article 4.04.- Compliance Clause

All transfers made pursuant to the provisions of this Chapter shall be subject to Section 201(b)(1) (M) of Public Act 114-187 known as *Puerto Rico Oversight, Management and Economic Stability Act or PROMESA*.

CHAPTER 6. ACCOUNTING LAW GOVERNMENT OF PUERTO RICO.

Article 6.01.- Section 3 of Act No. 230 of July 23, 1974, as amended and known as "Government Accounting Act of Puerto Rico", is amended to add a new subsection (o) which reads as follows:

"Section 3. - Definitions.

When used in this Act, the following terms shall mean:

(a) ...

...

(o) Special Assignments - Assignments approved by Joint Resolutions limiting the use of the assigned funds."

Article 6.02.- subsection (b) is amended and a new subsection (e) is added to Article 7 of Act No. 230 of July 23, 1974, as amended, known as "Government Accounting Act of Puerto Rico", so that it reads as follows:

"Section 7. Revenue from public funds.

a. ...



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- b. All public funds of dependencies which do not have a specific destined use shall be credited to the State Treasury General Fund and deposited entirely in the current bank account of the Secretary or any other bank account established as he sees fit, . Furthermore, it is ordered that all of the state special funds and other revenues of dependencies and public corporations after July 1, 2017, shall be deposited in their totality in the State Treasury under the custody of the Secretary of the Treasury or in the banking institution that he deems adequate. The Secretary of the Treasury also in authorized to determine the order of priority of the disbursement of payments payable from the special state funds and other revenues, in accordance with the approved budget and the Fiscal Plan, without it being understood as a limitation upon the powers conferred on the Governor or the Financial Advice and Fiscal Agency Authority under the provisions of Act No. 5-2017. This provision shall prevail over any other which is contrary or inconsistent which what is provided herein. Any amount in excess of the amount budgeted and authorized by the Office of Management and Budget in each fiscal year from special state funds for dependencies and public corporations shall be deposited in the Budgetary Fund created under the Act No. 147 of June 18, 980, as amended. This provision shall not apply to thoe funds assigned to municipalities under the Sales and Use Tax. This provision shall not apply to private donations that government entities receive for social purposes.

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...

- e) After July 1st, 2017, all those special state funds created by law for specific purposes will be used for those purposes for which they were assigned by Law in accordance with the Budget recommended by the Office of Management and Budget and with the Fiscal Plan. Moreover, the Office of Management and Budget is authorized to create a fund under its custody . If there is any inconsistency between the law and the use of funds with the Fiscal Plan, the purpose provided in Fiscal Plan approved under the provisions of the Federal Law PROMESA shall prevail."

Article 6.03.- Subsections (h), (l) and (m) of Section 8 of Act No. 230 of July 23, 1974 as amended, known as "Government Accounting Act of Puerto Rico", are amended to read as follows:

"Article 8 - Allocations of public funds.

(a) ...

...

- (h) Allocations and funds without a specific fiscal year, which have remained in the books without being disbursed on obligated for one (1) year, will be considered that they have fulfilled their purposes for purposes of this law and will be closed and enter immediately into the General Fund, except assignments and funds without a specific economic year allocated to carry out capital improvements that have been recorded and carried into the books. These will have a term of three (3) years from the date the

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allocation became legally effective to be disbursed and to comply with the purposes for which they were assigned. After the three (3) years, the obligated and non obligated balances of permanent improvement funds will be closed and deposited into Fund 301. This provision shall apply only to assignments made before the 2017-2018 fiscal year and will not be apply to those appropriations made by the Legislature through Legislative Donations or assignments under the Sales and Use Tax.

In those cases in which the agency or recipient of the capital improvements funds understand that the term of the assignment should extended to a term exceeding three (3) years, it may request it justifying the need to keep these resources the Office of Management and Budget at least three (3) months before said term expires. During this period, the Office of Management and Budget will analyze the request and determine the need to maintain current allocation, and the term and amount which will be extended. These resources shall be reallocated by the Legislature in projects.

(i)

...

(l) Any assignment which remains one (1) year without being recorded into the books shall be considered, as a rule, automatically canceled and new legislative action will be required to use the money thus canceled. In exceptional cases *in* which it is demonstrated that valid reasons exist for not carrying into the books the allocation during the period of one (1)

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year, such as the delay in resolving litigation in court and failure to carry out a public work because of fiscal, technical or legal difficulties, an allocation even after expiration of the aforementioned one (1) year period can be subject to be accounted for.

The Secretary shall notify the Legislative Assembly of the actions canceling assignments in the circumstances contemplated by this subsection, within thirty (30) days following the date the cancellation was ordered.

(m) The Secretary shall periodically transfer to the surplus of the State Treasury General Fund, in accordance with the law, the balances of deposit accounts which have remained unused or without any movement in the accounting books during one (1) year and, according to his opinion, that are not necessary or do not fulfill the purposes for which they were created. Provided, that any claim the Secretary is obligated to pay with respect to such balances, after being transferred from the manner provided above, shall be paid from any available funds not otherwise appropriated for other purposes."

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